

Message Text

SECRET

PAGE 01 LISBON 01248 01 OF 02 141924Z
ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 INR-05 CIAE-00 NSC-05 NSCE-00 H-01
L-01 SP-02 EB-04 TRSE-00 OMB-01 SSO-00 INRE-00 IGA-01
EA-06 ARA-06 NEA-07 EURE-00 /062 W
-----141946Z 037507 /50

O R 141737Z FEB 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC IMMEDIATE 0195
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
USMISSION NATO
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA

S E C R E T SECTION 1 OF 2 LISBON 1248

LIMDIS

DEPT PASS TREASURY FOR DONALD E. SYVRUD

E.O. 11652: GDS
TAGS: ECON, EFIN, PO
SUBJECT: MEDIUM-TERM CREDIT FOR PORTUGAL

REFS: (A) STATE 30025, (B) BONN 2581 (NOTAL), (C) BONN 2624 (NOTAL)
(D) PARIS 4417 (NOTAL)

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PAGE 02 LISBON 01248 01 OF 02 141924Z

SUMMARY: ECON COUNSELOR AND I MET WITH FINANCE MINISTER
MEDINA CARREIRA AND BANK OF PORTUGAL GOVERNOR SILVA LOPES
FEBRUARY 12 TO OUTLINE PORTUGUESE APPROACHES TO POTENTIAL
CONSORTIUM PARTICIPANTS. DEPT MAY WISH TO INITIATE CONTACTS
WITH ADDITIONAL POTENTIAL MEMBERS, I.E., IN
ADDITION TO THOSE TAKEN LAST WEEK. SILVA LOPES CONFIRMED

THAT BASLE ANNOUNCEMENT OF \$400 MILLION CREDIT CONTAINED
RELATIVELY LITTLE NEW FINANCING. END SUMMARY.

1. I PASSED THE CONTENTS OF REF A TO FINANCE MINISTER
MEDINA CARREIRA AND, IN COMPANY OF ECON COUNSELOR, MET
SUBSEQUENTLY WITH HIM AND WITH BANK OF PORTUGAL GOVERNOR
SILVA LOPES ON FEBRUARY 12. AFTER BRIEFING PORTUGUESE
AUTHORITIES ON RESULTS OF RECENT DISCUSSIONS IN BONN
AND PARIS, WE STRESSED NEED FOR RAPID GOP DEMARCHES
TO POTENTIAL CONSORTIUM MEMBERS, ESPECIALLY TO FRG.
AGREEMENT WAS REACHED, SUBJECT TO APPROVAL OF PRIME
MINISTER SOARES, ON FOLLOWING PROCEDURES: GOP WILL
IMMEDIATELY CALL IN GERMAN AMBASSADOR AND REQUEST THAT
FRG PARTICIPATE IN CONSORTIUM. IT WILL SIMULTANEOUSLY
INSTRUCT ITS AMBASSADOR IN BONN TO MAKE THE SAME
APPEAL TO GERMAN FOREIGN MINISTER AND VICE CHANCELLOR.
ONCE THAT IS DONE, PRIME MINISTER SOARES WILL PHONE
CHANCELLOR SCHMIDT AND WILLY BRANDT. SOARES WILL ALSO
EMPHASIZE IMPORTANCE OF THE CONSORTIUM LOAN DURING HIS
PRESENT AND FORTHCOMING VISITS TO EC CAPITALS. IN
ADDITION, GOP WILL CALL IN AMBASSADORS, AND INSTRUCT
ITS AMBASSADORS TO PRESENT GOP REQUEST TO GOVERNMENTS,
OF JAPAN, CANADA, VENEZUELA, SWITZERLAND, NETHERLANDS
AND NORWAY. PORTUGUESE OFFICIALS RECOGNIZE
PARTICULAR URGENCY OF OBTAINING FRG DECISION, AT LEAST
IN PRINCIPLE, BY MID-MARCH.

2. I AM PLANNING TO CONTINUE MY DISCUSSIONS WITH
AMBASSADORS OF POTENTIAL CONSORTIUM PARTICIPANTS. IN
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PAGE 03 LISBON 01248 01 OF 02 141924Z

ADDITION TO THE COUNTRIES NOTED ABOVE, WOULD APPRECIATE
ANY OTHERS WHICH DEPARTMENT AND TREASURY FEEL I MIGHT
USEFULLY CONTACT. IT SHOULD BE NOTED THAT GOP OFFICIALS
MADE NO REFERENCE TO ANY OPEC NATIONS IN OUR CONVERSATIONS
LAST WEEK, BUT ON EARLIER OCCASIONS HAVE MENTIONED SAUDI ARABIA.

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PAGE 01 LISBON 01248 02 OF 02 141910Z
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S E C R E T SECTION 2 OF 2 LISBON 1248

LIMDIS

DEPT PASS TREASURY FOR DONALD E. SYVRUD

3. WOULD APPRECIATE ALSO ADVICE AS TO WHETHER DEPARTMENT
AND TREASURY PLAN TO INITIATE CONTACTS WITH OTHER GOVERN-
MENTS. ANOTHER JAPANESE APPROACH MAY BE NECESSARY.
JAPANESE DCM TOLD ECON COUNSELOR FEBRUARY 14 THAT GOJ IS
NOT CERTAIN WHETHER IT SHOULD CONSIDER FEB 7 DISCUSSION
JAPANESE FINANCE MINISTRY OFFICIAL MATSUKAWA HAD IN
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PAGE 02 LISBON 01248 02 OF 02 141910Z

WASHINGTON AS A FORMAL PRESENTATION. HE BELIEVES OUR
EMBASSY IN TOKYO SHOULD BE REQUESTED TO APPROACH JAPANESE
FOREIGN AND FINANCE MINISTRIES AT SUITABLY HIGH LEVEL
IN ORDER TO ASSURE THAT THIS QUESTION IS GIVEN SERIOUS
CONSIDERATION.

4. DURING OUR CONVERSATION FEBRUARY 12 WITH FINANCE
MINISTER AND SILVA LOPES, WE EMPHASIZED NEED FOR CLOSE
COOPERATION, BOTH IN OUR EFFORTS TO ORGANIZE CONSORTIUM
AND IN GOP EFFORTS TO OBTAIN OTHER INTERNATIONAL
FINANCING. IN THIS LATTER REGARD, SILVA LOPES CONFIRMED THAT VERY
LITTLE NEW FINANCING WAS CONTAINED IN RECENT BASLE
ANNOUNCEMENT OF \$400 MILLION CREDIT. HE DETAILED THE

\$400 MILLION CREDIT AS FOLLOWS:

MILLIONS OF DOLLARS	
ANTICIPATORY DRAWINGS UNDER	
ESF AGREEMENT:	\$ 85
GOP GOLD SALES BETWEEN MARCH	
AND JUNE 1977: (#1)	100
FUTURE-GOLD-SALES UNDER ESF ACCORD:	75
NEW 9-MONTH CREDIT FROM BIS GUARANTEED	
BY FIVE CENTRAL BANKS:	100
NEW CREDIT FROM ONE OR MORE EUROPEAN	
CENTRAL BANKS: (#2)	40

FOOTNOTE #1 - GOP IS CONSIDERING USE OF SWAP ARRANGEMENT
UNDER ESF ACCORD, BUT HAS VIRTUALLY DECIDED TO SELL ITS
OWN GOLD.

FOOTNOTE #2 - IT HAS NOT BEEN DECIDED WHETHER THIS CREDIT
WILL BE FORTHCOMING FROM THE DUTCH, FRENCH OR SWISS
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PAGE 03 LISBON 01248 02 OF 02 141910Z

CENTRAL BANKS.

5. ECON COUNSELOR WILL MEET WITH SILVA LOPES FEBRUARY
15 TO DISCUSS RECEIPT OF GOP DATA. RESULTS OF THAT
MEETING WILL BE COMMUNICATED. SILVA LOPES NOTED THAT
HE HAS RECEIVED REQUEST FOR CONTINUING DATA INFORMATION
FROM NEW YORK CITY FED. UNLESS WE RAISE ANY OBJECTIONS,
HE PLANS TO PROVIDE THIS INFORMATION DIRECTLY TO THE FED.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, DIPLOMATIC DISCUSSIONS, FINANCIAL PROGRAMS
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Copy: SINGLE
Sent Date: 14-Feb-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LISBON01248
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770052-0516
Format: TEL
From: LISBON
Handling Restrictions:
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Original Previous Classification: n/a
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